CloudTechnologies

Management report on the activities of Cloud Technologies S.A. and the Cloud Technologies Group for the first half of 2024

WARSAW, September 16, 2024

Q2 2024 Summary

12.0 PLN million Revenue	6.9 PLN million EBITDA*	4.2 PLN million Net profit**
-2.5 PLN million vs Q2 2023 Revenue	-0.3 PLN million vs Q2 2023 EBITDA*	+2.2 PLN million vs Q2 2023 Net profit**

H1 2024 Summary

23.0 PLN million Revenue	13.6 PLN million EBITDA	7.1 PLN million Net profit
-5.4 PLN million vs Q1-Q2 2023 Revenue	+0.1 PLN million vs Q1-Q2 2023 EBITDA*	+2.1 PLN million vs Q1-Q2 2023 Net profit**

* By EBITDA, the Group means EBITDA calculated as operating profit plus depreciation and amortization and adjusted for the cost of the incentive program.

** By Net Profit, the Group means net profit, adjusted for the cost of the incentive program.

1. Selected consolidated financial data

Financial data (PLN million)	Q2 2024	Q2 2023	*Change %*	Q1-Q2 2024	Q1-Q2 2023	*Change %*
1. Sales revenue:	**12,0**	**14,5**	**-17,4%**	**23,0**	**28,4**	**-19,3%**
a) Data monetization	11,9	11,8	0,9%	22,7	22,4	1,3%
b) Other activities	0,1	2,7	-98,0%	0,3	6,1	-94,9%
2. Total costs*	**5,5**	**7,9**	**-30,1%**	**10,4**	**16,0**	**-35,3%**
a) Data and media	1,4	3,5	-61,5%	2,5	7,7	-67,8%
b) Other	4,2	4,4	-4,7%	7,9	8,4	-5,5%
3. Result on other operating activities	0,4	0,6	-27,5%	1,0	1,1	-7,3%
4. EBITDA**	**6,9**	**7,2**	**-4,4%**	**13,6**	**13,5**	**0,7%**
% margin	***57,6%***	***49,8%***	***11,8%***	***59,4%***	***47,6%***	
5. Net profit/loss***	**4,2**	**2,0**	**105,6%**	**7,1**	**5,0**	**41,7%**
% margin	***34,8%***	***14,0%***		***31,0%***	***17,7%***	
6. Cash flow during the period:	**0,3**	**(3,2)**				
a) Operational	7,2	3,7				
b) Investment	(0,8)	(1,7)				
c) Financial	(6,2)	(5,2)				
7. net debt during the period	**(7,0)**	**(11,2)**				
(a) Interest-bearing debt	6,6	4,9				
(b) Cash and equivalents	13,6	16,1	**-16,0%**			
Net debt/EBITDA	**(1,0)**	**(1,6)**				

Selected financial data translated into euros are included in the Financial Statements for the first half of 2024.

*Excluding depreciation and amortization and incentive program costs.

** By EBITDA, the Group means EBITDA calculated as operating profit plus depreciation and amortization and adjusted for the cost of the incentive program.

***By net income, the Group means net income, adjusted for the cost of the incentive program.

Summary of financial results

- In Q2 2024, Cloud Technologies Group reported a 1% year-on-year increase in revenue in the strategic data monetization area, but a 5% year-on-year increase in the base currency, USD. Revenues from data monetization reached PLN 11.9 million, making it the best second quarter and the best H1 in the Group's history in terms of data monetization. In Q1-Q2 2024, data monetization revenue increased to PLN 22.7 million, up 1% year-on-year. Approximately 80% of this revenue came from the US market.

- The Group's EBITDA margin is gradually improving, rising to nearly 60%, which proves that the business model developed is high-margin. Comparing quarter-on-quarter, the EBITDA value recorded a slight decrease - from PLN 7.2 million to PLN 6.9 million, which is due, among other things, to the costs of foreign expansion. On the other hand, cumulatively for Q1-Q2 2024, the value of EBITDA increased slightly - from PLN 13.5 million in Q1-Q2 2023 to PLN 13.6 million in Q1-Q2 2024.

- The Group's net profit more than doubled to PLN 4.2 million in Q2 2024 (PLN +2.2 million vs. Q2 2023). The marked y/y increase in net profit is due to the impact of foreign exchange differences (PLN -0.2 million in Q2 2024 vs. PLN -2.7 million in Q2 2023). Cumulatively, net profit reached PLN 7.1 million in Q1-Q2 2024 (+41.7% compared to Q1-Q2 2023).

- The Group's cash level in Q2 2024 was PLN 13.6 million. The Group records strong positive operating cash flow (+3.5 million y/y), and the largest expense in Q2 2024 was the payment of dividends, for which PLN 5.6 million was spent. The Group's net debt remains negative.

- The decrease in the level of revenue in the Other Business area to PLN 0.1 million is the result of a conscious strategy to reduce this business area and to focus on the higher-margin Data Monetization, as a result of which the % profitability of the Group is increasing.

- Detailed information on the financial results is provided in the section "Discussion of Financial Results Achieved in H1 2024."

Content

2. Letter to Shareholders

Dear Shareholders,

The financial results we achieved in Q2 2024 and H1 2024 confirm the effectiveness of our business model focused on data monetization. For the company, this was the best second quarter and the best first half of the Group's history in terms of data monetization. Revenues from this business in Q2 2024 reached PLN 11.9 million (+1% y/y, and +5% in base currency, i.e. USD), while in Q1-Q2 2024 they amounted to PLN 22.7 million, up 1% from last year's high base. It's also worth noting that data monetization already account for 99% of the company's revenue, and the EBITDA margin is gradually increasing, and in Q2 2024 it already reached nearly 60%.

As the Cloud Technologies Group, we are continuing our dynamic growth and consistently pursuing our strategy for 2023 - 2025. According to the strategy, we will grow primarily organically in the area of data monetization, with planned investments of up to PLN 100 million in the 2023 - 2025 perspective.

In addition to organic growth, we also foresee acquisition in our strategy, which is why in July this year we acquired a 100% stake in Nordic Data Resources, a Norwegian company that operates in Scandinavian markets and works with global data buyers. We believe that by leveraging our data and the global distribution network that NDR has, we will gain synergies that will contribute to data monetization growth.

In addition, by the time the report was published, there had been two significant developments in the online advertising market that are worth noting. They may have important implications for the future development of the market, so we are closely monitoring their consequences and taking measures on an ongoing basis to take advantage of the latest market trends.

In June this year, Oracle Corporation announced that Oracle Advertising will be shut down by the end of September 2024. Direct data sales to Oracle Advertising accounted for less than 5% of Cloud Technologies Group's revenue in the first half of 2024. However, Oracle Advertising was a significant player in the overall online advertising ecosystem, so this event could affect other data distribution channels.

In July this year, the Google corporation, contrary to earlier declarations, decided that 3rd party cookies would not be withdrawn from the Chrome browser. At the same time, the corporation announced that it intends to offer other solutions based on user choice. It is worth noting that Cloud Technologies Group has technology that supports both 3rd party cookies and the latest cookieless solutions.

All in all, the outlook for the development of the advertising market, and online advertising in particular, remains positive. Global advertising spending is already expected to exceed $1 trillion this year, according to WARC. This represents double-digit year-on-year growth (+10.5%). Digital advertising, meanwhile, in the world's largest advertising market, the US, will account for more than three-quarters of all ad spending this year (77.7%). This means that more than $300 billion in 2024 will be spent by marketers in the US market on digital ads.

I invite you to read the report for the first half of 2024.

Piotr Prajsnar

President of the Management Board

3 Introduction

The Group provides services based on big data (Big Data). The key resource affecting the business is the set of data processed, which can be described by data volume and geographic coverage.

The company currently processes about 100 billion user profiles[1] using desktop and mobile devices. The data comes from more than 200 countries and territories, with the U.S. and EU markets being key to the business.

The amount of data affects the scale of services provided and thus has a bearing on the amount of sales revenue. The primary criterion for determining the amount of data is the number of profiles, which is correlated with the number of devices, not people. Data resolution, that is, the amount of information per profile, is also an important criterion.

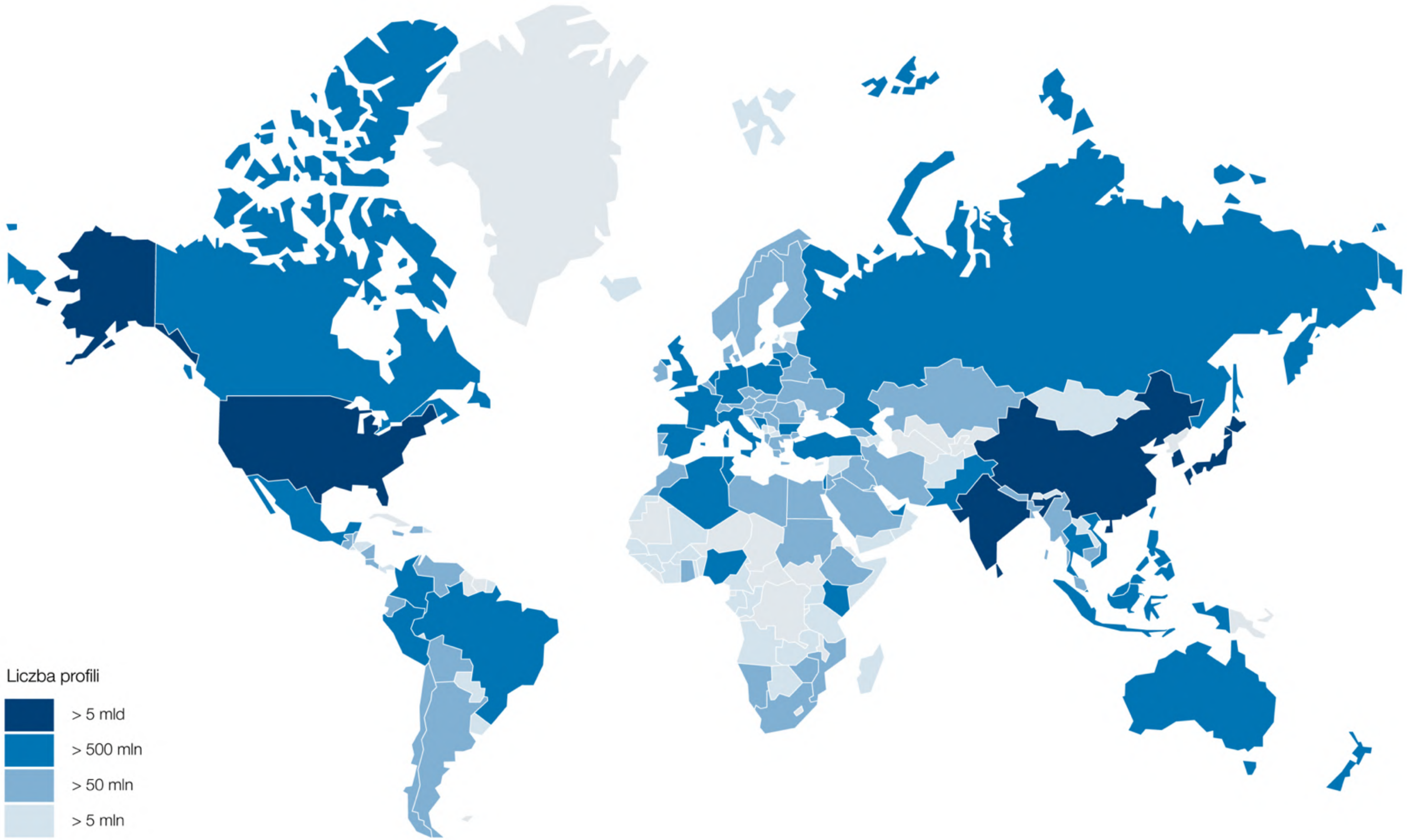
Geographic coverage affects the availability of services in individual markets and thus the potential customer base. The saturation of individual markets with data, that is, the percentage of profiled users, is also important.

In particular, the efficiency of using a dataset is affected by the ability to process raw data and distribute processed data. Therefore, the company has developed its own Data Management Platform (DMP) technology, which operates under the OnAudience.com brand. The company is systematically expanding its sales channels and is establishing new business relationships for this purpose.

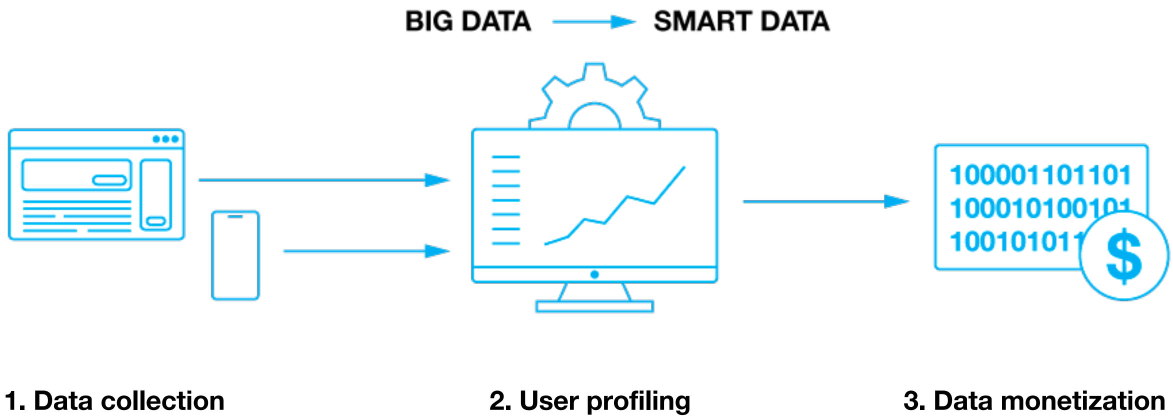
The company is also systematically developing technology for the automatic purchase of online advertising space (Demand Side Platform, DSP). Further development of DMP and DSP technologies, key in the market for online advertising in an automated model, will allow the company to achieve business synergies and increase the efficiency of the business model it pursues.

[1] **The number of profiles** is the product of the number of users and the segments into which they have been classified.

4. Markets from which Cloud Technologies obtains data on Internet users



5. Business model



Data collection

The first stage of Cloud Technologies' business model is the collection of data on Internet user activity from desktop and mobile devices, among others. The company obtains its own data, data from partners and data from other providers.

The company collects raw data, which is then subjected to multi-stage analysis using statistical methods and machine learning. The Company uses its own proprietary technology, which is characterized by high performance and is designed to exploit the sales potential hidden in the acquired data.

User profiling

The second stage is data processing to identify valuable information and then create user profiles. Each user can be described with up to several thousand characteristics, which are regularly updated.

The profiling is carried out on Cloud Technologies' proprietary platform and aims to classify the user into appropriate segments, a catalog of which is called a taxonomy. In this form, the data is prepared for further distribution and can be transferred to technology partners around the world. Therefore, Cloud Technologies' business model is international and rapidly scalable.

Data monetization

The third stage is the commercial use of the processed data, i.e. the sale of the collected information. The sale of data is mainly implemented in the online advertising ecosystem through the programmatic model. This model uses data about Internet users to target selected groups based on specific characteristics, such as interests or purchase intentions. Data is sold primarily through data distribution to Cloud Technologies' partners and customers and is international in scope, with the main markets for the Group being primarily the US, the UK and Western European countries. Purchasers of the data are mainly companies in the online marketing industry, which uses the data for precise campaign targeting, and companies that use tools that employ artificial intelligence (AI) algorithms, including for market analysis and customer profiling.

The use of data in the programmatic advertising model

The programmatic model enables automatic media buying through an auction system (Real-Time Bidding) and personalization of advertising messages. Among the advantages of this model are the ability to reach a wide group of users and the precise measurement of campaign effectiveness based on data.

Online advertising in the programmatic model is based on data about Internet users, which is collected from a number of sources, including services and applications, partners or third-party providers

Data on Internet users is processed on special platforms, where it is profiled and organized into segments.

By gaining knowledge of user profiles, the client precisely plans marketing activities, which translates into optimization of campaigns, including in terms of return on investment (ROI).

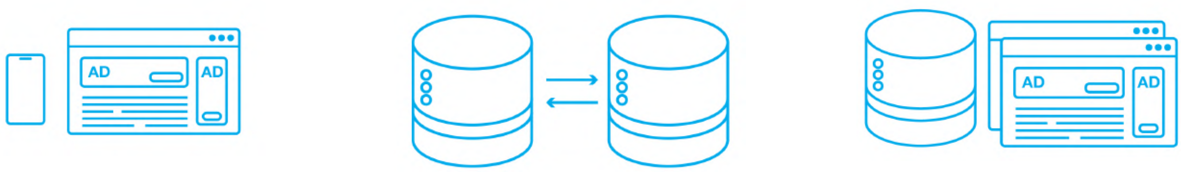
Data Management Platform in the RTB ecosystem

The processing of data used in online advertising is done with the help of DMP (Data Management Platform) technology, which enables data exchange in the RTB (Real-Time Bidding) ecosystem and ensures user privacy.

DMP Cloud Technologies' proprietary technology processes about 100 billion Internet user profiles and analyzes about 5 billion online activities per day to enable marketers to precisely target a specific group of online consumers.

Types of data in online advertising

Online advertising uses various types of data about Internet users collected from many sources. Based on the source of origin, they are divided into:



Own data
e.g., obtained from their own services or applications

Data obtained from partners
For example, as a result of a jointly conducted promotional campaign

Data obtained from suppliers
i.e. data obtained from external sources

Cloud Technologies is one of the world's leading data providers. The company distributes data working with international partners, including in the US and European markets. Thanks to the distribution network, which it is consistently expanding, data acquired by the company can be purchased by marketers from all over the world using advertising platforms designed to purchase data for targeting online campaigns.

6. Areas of activity

Data monetization

Data monetization is a strategic, high-margin and scalable business area for Cloud Technologies Group. It includes the sale of internet user data, which is used in online advertising, and the sale of the technology to process it - the Group's proprietary Data Management Platform (DMP), offered in a SaaS or licensed model. This area is the Group's main source of revenue growth, and is crucial to Cloud Technologies' financial performance due to its high margins.

The most important recipients of the data are platforms that enable the purchase of advertising space in a programmatic model, the Demand-Side Platform (DSP), used by advertisers around the world, and the key market for Cloud Technologies Group is the US.

Other activities

The "Other business" area presents collectively the results of servicing all of the Group's customers other than data consumers. The decrease in revenue from other activities in the first half of 2024 is due to the sale of the Audience Network subsidiary in the third quarter of 2023 and the Group's conscious policy of seeking to reduce business areas other than data monetization.

7. Cloud Technologies Strategy 2023-2025

The main objective of Cloud Technologies' strategy for 2023-2025 is to continue the dynamic development of its scalable data monetization business in current and new areas with high growth potential. The new strategy, which is an evolution of the company's proven business model, will further leverage competitive advantages and also includes a new investment plan, continuation of the incentive program and the introduction of a dividend policy.

Development plans for 2023-2025 in three perspectives

Business perspective

- Development of data monetization
- Expanding the dataset
- Additional fields data exploitation

Financial perspective

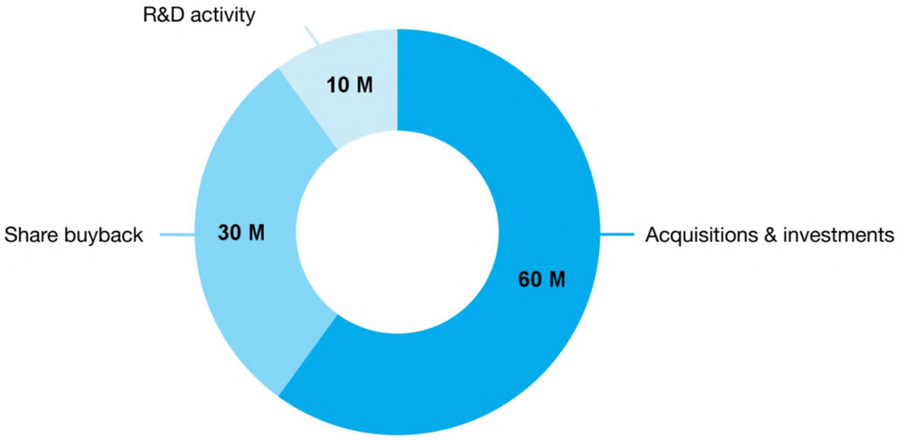
- Acquisitions and investments
- Research and development
- Share repurchase

A corporate perspective

- Incentive program
- Dividend policy

Planned investments

The company plans to invest up to PLN 100 million over the period 2023-2025 in key areas that will generate additional value for the business and shareholders in the future. The investments are planned to be financed from the company's own funds, without the use of debt instruments or new share issues.



* The estimated distribution of funds allows for possible shifts in their allocation between areas,
As well as changes in the total value of the funds depending on business and market developments.

8. Summary of Cloud Technologies strategy for 2023-2025

The following table shows the status of Cloud Technologies Group's strategy for 2023-2025 as of the publication of this report:

Perspective	Target	Status of implementation
Business	1. Business development and globalization	Increase revenue from the data monetization area in 2023 by +16% y/y to PLN 44.6 million and in Q1-Q2 2024 by +1.3% y/y to PLN 22.7 million.
	2. Development of proprietary technologies	Completion of the next version of the DMP platform September 2023. As of Q4 2023, further development of the Group's technology stack is underway.
Financial	1. Buyback of own shares	In December 2023, the company acquired 125,000 shares for a total of PLN 10 million.
	2. Acquisitions and investments	Purchase of a 100% stake in Norway's Nordic Data Resources AS in July 2024 for NOK 19.1 million. Implementation of the first investment under the Data Seed program.
	3. R&D activities	R&D expenditures in 2023: PLN 3.9 million R&D expenditures in H1 2024: PLN 2.3 million
Corporate	1. Dividend policy	Dividend payment of PLN 5.6 million (PLN 1.25 per share), about 20% of EBITDA for 2023 in June 2024.
	2. Incentive program	Launched new incentive program for 2023-2025 targeting a group of executives and members of group management bodies. The program's KPI is PLN 110 million in cumulative EBITDA for 2023-2025.

A total of about PLN 24.5 million has been invested to date as part of Cloud Technologies Group's ongoing strategy for 2023-2025.

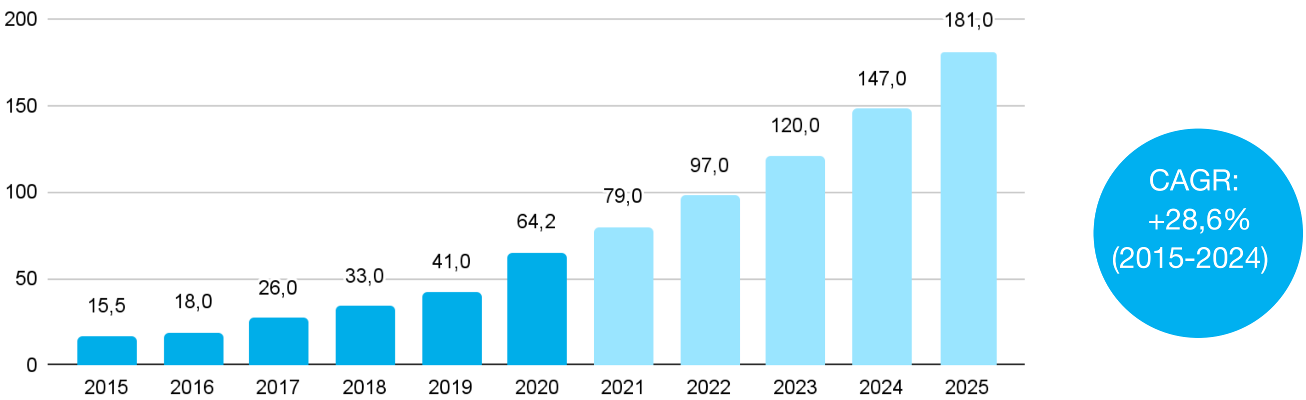
9. Market environment

In the next few years, the amount of data generated will increase by nearly 100%. More than 4 billion people around the world have access to the Internet. The amount of time spent online is also growing, and marketers, thanks to data, are increasingly able to understand user behavior online.

As Cloud Technologies Group, we collect and provide data to execute effective online campaigns and to learn tools using AI algorithms. Digital information makes it possible to precisely reach consumers online and is the fuel driving the fast-growing market for programmatic advertising, which enables the automation of the purchase of space in digital media.

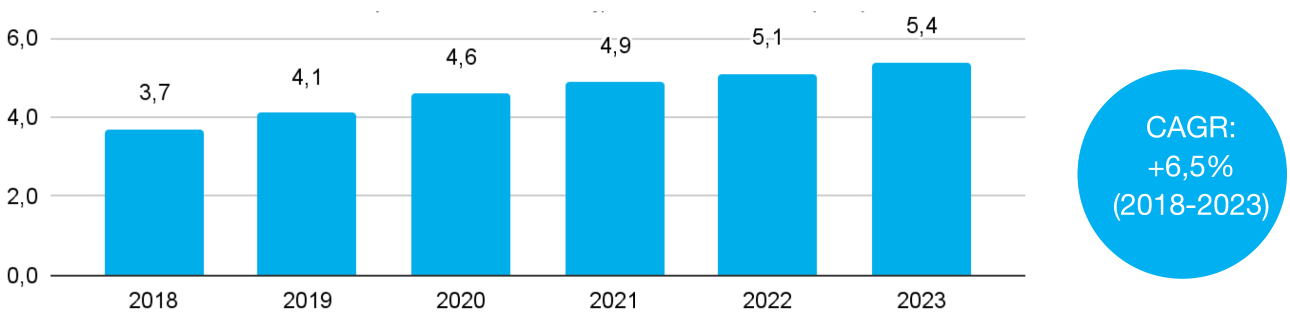
9.1 Macroeconomic environment

Growing global data volume, 2015-2025 (zettabytes)



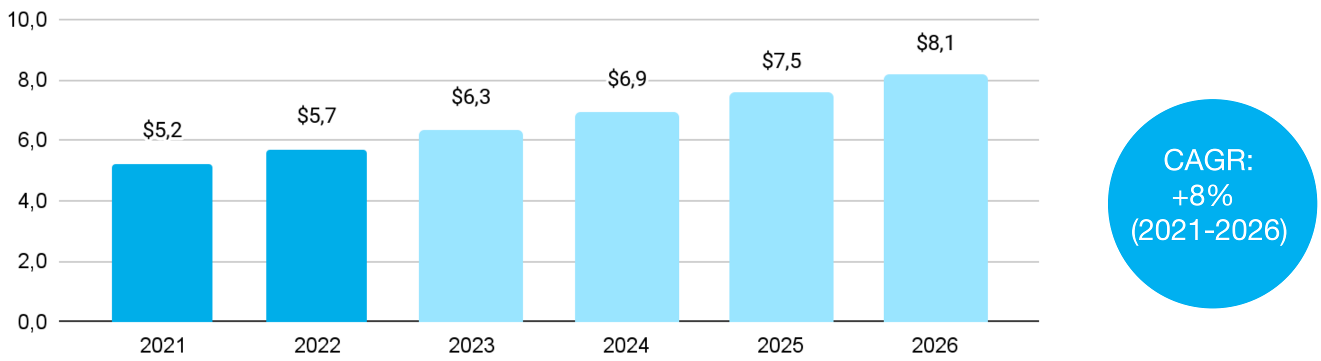
Source: Statista.com; light blue: forecast

Increase in the number of Internet users globally (billions)



Source: International Telecommunication Union

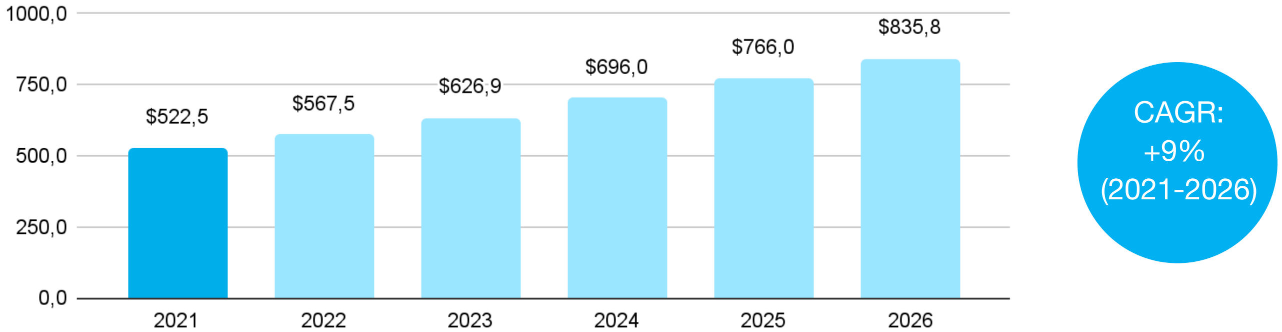
Development of the e-commerce market, 2021-2025 (billions, USD)



Source: eMarketer; light blue: forecast

9.2 Online advertising market

Growth in global online advertising spending, 2021-2026 (billions, USD)

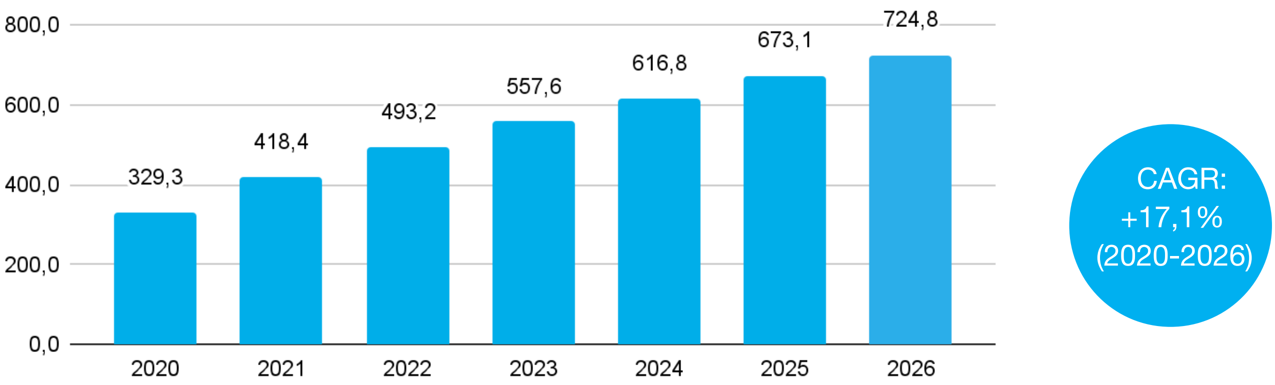


Source: eMarketer; light blue: forecast

9.3 Programmatic advertising market

The online advertising model that uses data on Internet user behavior to target ads is Programmatic Buying. It is for this advertising model that the Company provides data. The largest programmatic markets (including the US, Europe) are also the largest data markets.

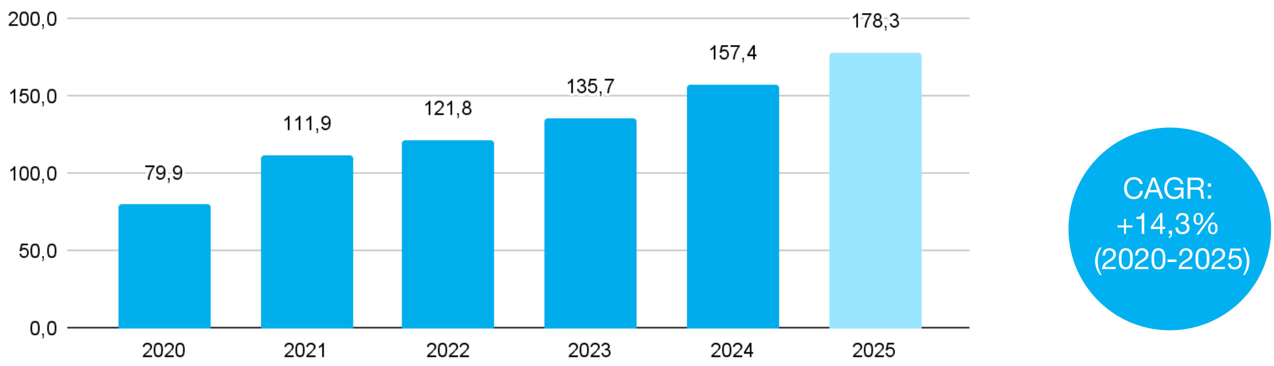
Global spending on programmatic advertising, 2020-2026 (billions, USD)



Source: Zenith

eMarketer estimates that in the U.S., the world's largest advertising market, more than 90% of online display ad spending will already be carried out in the Programmatic Buying model by 2022. Increasing investment in this advertising model means increasing demand for data on Internet user behavior.

Programmatic ad spending in the US, 2020-2025 (billions, USD)



Source: EMARKETER; light blue: forecast

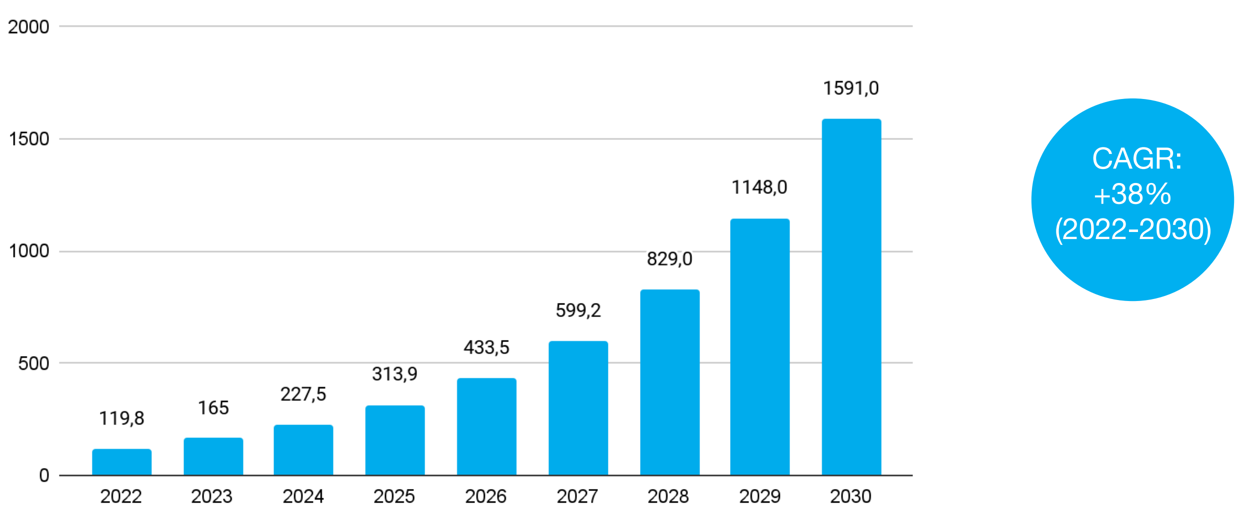
9.4 Artificial Intelligence (AI) market development

The value of the global AI market

Cloud Technologies resources are valuable fuel for tools using artificial intelligence algorithms, which need high-quality, structured data to learn. According to an MIT Tech Review report, nearly half of enterprises plan to increase spending on data processing infrastructure and AI tools by +25% in 2024.

According to forecasts, the global AI market is expected to grow rapidly in the coming years, with its value exceeding $1.5 trillion by 2030.

Global AI market, 2022-2030 (billions, USD)



Source: Artificial Intelligence Market, www.precedenceresearch.com

10. The Capital Group

Cloud Technologies Group

Company	Headquarters	Share of Cloud Technologies (%)
OnAudience	London	100%
OnProspects	London	100%
The Linea1 MKT	Córdoba	100%
Online Advertising Network	Warsaw	100%

Cloud Technologies Group entities are consolidated using the full method, and the Group structure did not change during the period covered by this report.

According to a current report dated July 12, 2024, the Board of Directors of Cloud Technologies S.A. has entered into an agreement to acquire 100% of the shares in Nordic Data Resources AS, a Norwegian Internet marketing technology company.

11. Summary of significant achievements in the first half of 2024 and up to the date of publication

Launch of new incentive **program**

In November 2023, the Issuer's Supervisory Board adopted the rules and regulations of the incentive program (previously adopted by the Company's AGM. As a consequence of the implementation of the incentive program, the Company will recognize operating expenses in the amount of PLN 3.6 million in the period 2024-2025, adopted on the basis of a valuation prepared by a professional external entity as of the date the beneficiaries of the program signed participation agreements, i.e. January 10, 2024. This value assumes that the Company carries out the repurchase of all 250,000 shares. The cost of the program will be spread linearly over the period from the signing of participation agreements by program beneficiaries until the end of 2025, and will amount to PLN 1.8 million in 2024 (including PLN 878 thousand in the first half of 2024) and PLN 1.8 million in 2025.

Remaining payment for shares in TL1

In January 2024, the Company made the final payment for the acquired 100% stake in TL1, a Spanish company acquired in July 2022. The payment for the shares in the company was made partly in cash and partly in the form of the Company's own shares. The total value of the payment made was the equivalent of EUR 438 thousand.

Investment under the Data Seed **program**

In March 2024, the Company made an equity investment of PLN 158 thousand to acquire a 4.7% stake in a Polish IT company established in 2023, working on technology solutions to use Group data to support financial instrument price prediction. The company has the option to potentially increase its equity commitment to 49% and is providing financing for further development of the technology (approximately PLN 0.9 million as of the end of June 2024), which can be converted into shares.

Holding of the Annual General Meeting

In June 2024, a meeting of the Annual General Meeting of Shareholders was held, which included resolutions on:

- To allocate profit for 2023 in the amount of PLN 9.6 million in accordance with the recommendation of the Company's Management Board, i.e. in the amount of PLN 5.6 million for the payment of dividends (PLN 1.25 per share) and in the amount of PLN 4.0 million for reserve capital. The dividend was paid on June 28, 2023

- to increase the reserve capital by PLN 7.5 million, in order to implement the authorization to purchase the Company's own shares for the implementation of the incentive program.

Planned closure of Oracle Advertising company

In June 2024, Oracle Corporation publicly announced that Oracle Advertising, one of the Group's partners, will be closed by the end of September 2024. Direct data sales to Oracle Advertising accounted for less than 5% of revenue in the first half of 2024, however Oracle Advertising was a significant player in the online advertising ecosystem, so there is a risk that this event will affect the dynamics of the Group's remaining data monetization revenue in the coming months.

Google's decision not to withdraw 3rd party cookies from Chrome browser

Google has decided in July 2024 that 3rd party cookies will not be phased out of the Chrome browser, contrary to earlier statements. Google has announced that instead of phasing out 3rd party cookies, it intends to introduce a new solution in the Chrome browser, allowing users to make informed choices about web browsing and change those decisions at any time.

The Company has technology that supports both 3rd party cookies and the latest cookieless solutions. The Company develops its software on an ongoing basis and adapts it to changing market conditions.

12. Discussion of financial results achieved in the first half of 2024

Consolidated statement of profit or loss

	01.01-30.06.2024	01.01-30.06.2023
Revenue	23,0	28,4
Operating expenses	18,0	23,1
Result on sales	4,9	5,4
Other operating income and expenses	1,0	1,1
Operating profit	6,0	6,5
EBITDA*	13,6	13,5
Financial income and expenses	-0,2	-2,5
Gross result	5,7	4,0
Income tax	-0,5	0,2
Net profit**	**7,1**	**5,0**

* By EBITDA, the Group means EBITDA calculated as operating profit plus depreciation and amortization and adjusted for the cost of the incentive program.

** By Net Profit, the Group means net profit, adjusted for the cost of the incentive program.

In H1 2024, the Group's consolidated revenues from sales of services amounted to PLN 23.0, million compared to PLN 28.4 million in the same period of 2023. The decrease in revenue from other activities (0.3 million revenue from other activities in H1 2024 vs. 6.1 million in H1 2023) is responsible for the change. In line with the 2023-2025 strategy, the Group is focusing on data monetization and reducing the area of other activities.

Data monetization already account for nearly 99% of the Group's total sales (up from nearly 80% at the end of H1 2023). Focusing on data monetization allows the Group to achieve higher margins on sales.

The value of operating expenses decreased by 22% year-on-year. At the same time, this change was significantly influenced by a decrease in the value of third-party services by more than 37% compared to the same period last year) and a decrease in the cost of salaries and employee benefits (down 21% year-on-year). The decrease in these values is mainly due to the transaction of selling shares of the subsidiary Audience Network in September 2023, which resulted in optimization of the group's costs.

At the same time, the Group is incurring a higher level of fixed costs, related both to its overseas expansion plans and due to rising overheads (such as rent, service charges and salaries). As a result, consolidated profit on sales fell by 9%, but EBITDA remained at a similar level as at the end of the same period last year. (Up 1% year-on-year).

The item of financial income and expenses consists primarily of interest and foreign exchange differences. Due to the small value of the Group's interest-bearing debt, the most significant item in this category is foreign exchange differences. The Group incurs expenses mainly in PLN (and to a lesser extent in USD), while the vast majority of income is realized in foreign currencies, including primarily USD (to a lesser extent EUR). In the event that the EUR or USD weakens against the PLN, changes in exchange rates may result in the Group recognizing significant foreign exchange differences. In H1 2023, the Group recorded foreign exchange losses of PLN 2.7 million. In H1 2024, further strengthening of the PLN against major currencies was recorded, and thus the Group continued to recognize negative exchange rate differences, however, they amounted to only PLN 0.3 million.

Consolidated statement of financial position

	30.06.2024	31.12.2023
Fixed Assets:	62,0	63,2
(a) Intangible assets	40,4	44,1
(b) Other	21,5	19,2
Current assets:	33,0	29,9
(a) Accounts receivable	13,2	13,4
(b) Cash and equivalents	13,6	10,9
(c) Other	6,3	5,6
Total assets	95,0	93,1
Equity	78,9	76,7
Liabilities and provisions:	16,1	16,4
(a) Trade payables	1,5	1,3
(b) Interest-bearing debt	6,6	4,0
(c) Deferred income	6,6	9,4
(d) Other	1,4	1,7
Liabilities Total	95,0	93,1

The Group's main assets include intangible assets, working capital and free cash. The Group's intangible assets include technology assets (including the DMP platform and DSP license), as well as goodwill. Other non-current assets include right-of-use assets (office space, technical infrastructure and means of transportation), property, plant and equipment, long-term data purchase agreements, loans granted and a deferred tax asset. The value of fixed assets remains at a similar level as at the end of 2023 (down 1.3% in value). Current assets also remain at a similar level, but in H1 2024 there was an increase in the value of cash and cash equivalents (up 24%) generated primarily from profit on operations.

The Group's main liability items are equity (including acquired treasury stock) and liabilities (interest, lease and trade). Significant items of liabilities, presented as deferred income, also include grants awarded, multi-year agreements for the sale of licenses to DMP technology and long-term data monetization agreements. The balance of capitals remains at a similar level as at the end of 2023. Deferred income is decreasing due to the progressive process of accounting for it over time. Grant revenues will be fully settled by June 2025. Trade payables remain at a low level. Interest-bearing debt, understood as the value of leases, increased due to the recognition of a new asset from the use of servers (and an identical liability). Overall liabilities increased by 2% relative to the balance at the end of 2023.

Consolidated statement of cash flows

	01.01-30.06.2024	01.01-30.06.2023
I. Profit before tax	5,7	4,0
II. Total adjustments, including	6,2	5,4
III. Tax paid	0,1	-1,3
IV. Net cash flow from operating activities	12,1	8,1
V. Net cash flow from investing activities	-2,7	-19,0
VI. Net cash flows from financing activities	-6,7	-15,5
Net cash flow	**2,6**	**-26,4**

As of the end of the first half of 2024, the Group has PLN 13.5 million in free cash. The Group's cash was maintained in current accounts and interest-bearing bank deposits. There are no restrictions on the disposal of cash by the Group.

In the last six months, the Group used free cash to implement its strategic plan, which includes investments in R&D and the payment of dividends. The cash balance is gradually being rebuilt. In H1 2024, the main items of net cash flow from investing activities included loans granted (1.4 million), development expenditures (1.2 million) and the last tranche for the purchase of shares in TL1 (0.6 million). On the other hand, net cash flows from financing activities were most influenced by dividend payments (PLN 5.6 million), as well as payments of leasing and loan obligations (a total of PLN 1.1 million).

Given its low level of indebtedness, significant cash balance and financial surpluses generated from period to period, the Group does not identify risks regarding the management of financial resources, including in its ability to meet its obligations.

Cloud Technologies Company

Separate statement of profit or loss

	01.01-30.06.2024	01.01-30.06.2023
Revenue	13,8	13,8
Operating expenses	10,3	9,7
Result on sales	3,5	4,1
Other operating income and expenses	1,2	0,6
Operating profit	4,7	4,7
EBITDA*	9,0	7,9
Financial income and expenses	0,1	0,7
Gross result	4,9	5,4
Income tax	0,2	0,2
Net profit**	6,6	6,3

* By EBITDA, the Group means EBITDA calculated as operating profit plus depreciation and amortization and adjusted for the cost of the incentive program.

** By Net Profit, the Group means net profit, adjusted for the cost of the incentive program.

Overall, revenue from sales of the Company's services in the first half of 2024 remained at a similar level compared to the same period in 2023. More than 80% of the company's revenue is generated from data monetization, which are generated primarily from sales to the subsidiary OnAudience (on account of, among other things, commissions on data sold). Due to the rapidly growing revenues from data monetization by OnAudience Ltd, revenues generated by the Company on account of commissions are also growing. The second component of revenue in this category is the settlement in sales of multi-year DMP license agreements.

The level of the Company's operating expenses increased by PLN 0.6 million compared to the first half of 2023. The change is due to, among other things, an increase in depreciation and amortization expenses (up 68% compared to the first half of 2023) and an increase in salaries and employee benefits (up 16% compared to the corresponding expenses in the first half of 2023).

The result on sales in Q1 2024 amounted to PLN 3.5, a decrease of PLN 0.6 million compared to the same period of the previous year, but the Company recorded a significant increase in the level of EBITDA (+21%). Other operating income and expenses increased by 0.6 million relative to the same period in 2023. The main component of this category in both years is deferred income from government subsidies.

The item of financial income and expenses consists primarily of interest and foreign exchange differences. Financial income from interest relates to interest on loans granted. Most of the loans granted, are intra-group loans granted by the Company to its subsidiaries.

Separate statement of financial position

	30.06.2024	31.12.2023
Fixed Assets:	35,2	32,8
(a) Intangible assets	12,1	12,9
(b) Other	23,1	19,9
Current assets:	46,0	48,8
(a) Accounts receivable	34,2	40,5
(b) Cash and equivalents	5,7	2,4
(c) Other	6,0	5,8
Total assets	81,2	81,7
Equity	66,9	66,9
Liabilities and provisions:	14,3	14,7
(a) Trade payables	1,3	1,0
(b) Interest-bearing debt	6,4	3,1
(c) Deferred income	6,6	9,4
(d) Other	0,1	1,3
Liabilities Total	81,2	81,7

The Company's major assets include intangible assets, loans granted, investments in subsidiaries, and working capital and free cash. The Company's most significant intangible asset is the DMP platform. The balance of short-term receivables mainly includes balances of settlements with related parties. The slight decrease in the balance of this item is the result of cyclical mid-year fluctuations.

Approximately 80% of the Company's liability balance in both years is equity (including acquired treasury shares). The increase in interest-bearing debt is due to an increase in the amount of lease liabilities due to the recognition of a new asset related to server leases.

Separate statement of cash flows

	01.01-30.06.2024	01.01-30.06.2023
I. Profit before tax	4,9	5,4
II. Total adjustments, including	8,9	2,5
III. Tax paid	-0,6	-0,6
IV. Net cash flow from operating activities	13,2	7,3
III. Net cash flow from investing activities	-3,0	-0,9
III. Net cash flows from financing activities	-6,9	-15,4
Net cash flow	3,3	-9,1

As of the end of the second half of 2024, the Company has PLN 5.8 million in free cash, an increase of PLN 4.9 million compared to the first half of 2023. The Company is gradually rebuilding its free cash balance, as planned. The Company's cash was maintained in current accounts and interest-bearing bank deposits. There are no restrictions on the Company's disposal of cash.

In the first half of 2024, the Company generated a positive balance from operating activities (PLN 13.2 million, which is a significant increase compared to the first half of 2023 (an increase of PLN 5.9 million), as well as a negative balance of cash flows from investing activities (PLN 3.0 million) and financing activities (PLN 6.9 million). The main items of net cash flow from investing activities included the acquisition of intangible assets (PLN 1.3 million), funds transferred to subsidiaries in the form of loans granted (PLN 1.4 million in the value of loans granted) and payment of the final tranche for shares in TL1 (PLN 0.6 million). The value of net cash flows from financing activities was most affected by the payment of dividends (PLN 5.6 million).

Given its low level of indebtedness, significant cash balance and financial surpluses generated from period to period, the Company does not identify risks regarding the management of financial resources, including in its ability to meet its obligations.

Projected financial position of the Group and the Company

In accordance with the adopted strategy for 2023-2025, the Group is focusing on developing its business in the area of Data Monetization, which has significant growth potential. The Group plans to continue to implement its investment plan, in accordance with the provisions of the strategy, including activities in the field of further development of technology, tasks in the R&D area are being carried out, as well as further acquisition projects are being considered. As of the date of publication of this report, the Group's Management Board sees no threat to the continuity of the Group's and the Company's operations.

13. Analysis of key risk factors

13.1 Risk factors directly related to the Company's operations

Risks associated with the failure of information systems

The Group operates in the IT market, and as a result, its day-to-day operations are heavily influenced by IT systems, particularly those such as the Data Management Platform (DMP) and servers that the Company leases. As a result, the Company identifies the risk of a number of events and circumstances, particularly those beyond the Company's control, resulting in failures, disruptions, damage or other circumstances that could limit or prevent access to the technological infrastructure that is necessary for the Group to provide its services electronically, and result in a complete halt to data monetization during the period of failure.

The Company points out that the Group uses technological infrastructure with a level of reliability adequate to the expectations of contractors and the requirements of the legislature - in particular, the Data Management Platform (DMP) information system, but the Company is unable to foresee the possibility of circumstances caused by force majeure that may contribute to interruptions in access to products and services provided by the Group.

In addition, the risk that the work of the Company's servers, which the Company leases, may be halted cannot also be excluded. The work of the servers may be halted, among other things, if the Company defaults in payments to lessors, or for other reasons caused by force majeure, which the Company is unable to foresee.

In addition, the occurrence of failures or disruptions in the Company's operations, resulting in the discontinuation of services or the provision of services at an inferior quality, may lead to a loss of confidence in the Company, which may adversely affect its image. At the same time, any manifestation of disruption of the good image of entities in the IT industry in which the Company operates could easily spread within the network. A loss of trust may result in a decline in market position, and in the future may contribute to increased promotional spending to repair reputation among contractors and minimize the chances of such events occurring in the future.

In the Company's operations to date, there have been instances of insignificant failures of IT systems, both on the part of the Company and its contractors, but these have been repaired on an ongoing basis and have not resulted in the unsuitability of IT systems for operation, so such instances have not affected the Company's operations or its financial performance.

Risks associated with service innovation

The Group is developing innovative products of high technological complexity for new industries. This involves the risk of unexpected problems, such as exceeding the project schedule, failure to match new products to customer expectations, or lack of sufficient market demand.

The Group has more than 10 years of experience in its area of operations and, in order to minimize the risks in question, is diversifying its operations in a gradual manner based on the resources it already has and potential synergies.

Competition risks

The services provided by the Company are intended primarily for entities in the Internet marketing industry, the development and operation of which is largely determined by the world's giants in this field - companies of the GAFAM group, which include entities such as Google, Apple, Facebook, Amazon and Microsoft. The indicated entities have a strong market position and brand recognition, as well as incomparably larger budgets than the Company.

Currently, GAFAM group companies are not in the business of processing and analyzing Internet user behavior data for resale and, as such, are not competitors to the Company. Nonetheless, given the scale of their operations, available resources and strong market positions, the possible commencement of operations by these entities in areas identical to the Company's business will result in a significant increase in competition for the Company.

In addition, due to their resources and reach, GAFAM group entities may potentially have the ability to make technological changes that allow them to negatively affect the effectiveness of the technologies developed and used by the Company, which could also have an impact on the Company's financial position, development prospects, performance or market price of the Company's shares.

The risk in question has not materialized in the Company's operations to date, so it has not affected the Company's operations and financial performance.

Risks associated with privacy regulations

The Company's core business is related to the acquisition, analysis and processing of data on Internet user behavior. In selected jurisdictions, the data processed by the Company may constitute personal data. The Company operates in a number of markets and is exposed to risks associated with privacy regulations in the countries in which its operations are conducted.

The company is subject to obligations under data protection regulations. This includes regulations implemented at the European Union level (RODO, ePrivacy Directive) as well as other regulations in force in international markets. Taking into account the latter, regulations in force in the United States of America applicable at both state and federal levels play a special role.

With regard to the above, the Company employs multi-level safeguards that more than exhaust the requirements of the most restrictive legislation, thereby increasing the reliability of the various elements of the system. It should be emphasized that the data aggregated by the Company do not constitute data that allow direct identification of users and are so-called pseudonymous data. This aspect significantly reduces the possible risk of violating the rights of data subjects. However, it should be borne in mind that, notwithstanding the above, the Company is burdened with the regulatory risk of conducting its business, and constantly ensuring the compliance of its operations with the law may entail additional operating costs.

In the Company's past operations, there have been instances of new data protection regulations such as RODO and CCPA. These regulations did not significantly affect the Company's financial performance in terms of data monetization.

Risk of losing key data sources

The company collects data on Internet user activity from desktop and mobile devices, among others.

The Company obtains its own data, data from partners and data from other suppliers. The Company collects raw data, which is then subjected to multi-stage analysis using statistical methods and machine learning.

The Company identifies the risk of losing key data sources from which the Group obtains data on Internet users. The loss of one or more such sources may temporarily disrupt their subsequent processing and sales and materially affect the Company's growth prospects and financial position. Therefore, the loss of one or more key data sources may adversely affect the Company's financial position, development prospects, performance or market price of the Company's shares.

There have been instances of loss of data sources in the Company's past operations, but these were not key data sources. Moreover, due to the Company's diversification of data sources and ongoing replacement of lost data sources with others, such incidents did not affect the Company's operations and financial results.

Risk of losing key data distributors

As part of the Company's business model, data is sold indirectly, i.e. it is mainly directed to foreign distributors - entities engaged in the purchase or resale of high-quality data on Internet user behavior. The Group distributes data by working with international partners, including in the U.S. and European markets, through which marketers from around the world can purchase data. To this end, it establishes new and develops existing relationships with data distributors.

The Company identifies the risk of losing key data distributors through which the Group sells data on Internet users. The loss of one or more such distributors could temporarily disrupt the distribution process and significantly affect the Company's growth prospects and financial position.

In addition, the loss of a key distributor may hinder access to the market in which such distributor operated. Therefore, the loss of one or more key data distributors may adversely affect the Company's financial position, growth prospects, performance or market price of the Company's shares.

There have been instances of loss of data distributors in the Company's past operations. In addition, due to the Company's diversification of data distributors and ongoing replacement of lost data distributors with others, such incidents did not affect the Company's operations and financial results.

Risk of changing the model of online advertising operation

The Group's main business is the sale of data about Internet users, which is then used in online advertising. This area is one of the Group's primary sources of revenue. Marketers around the world, using the purchased data, are able to better understand consumer behavior on the Web.

The Group is exposed to the risk of changes in consumers' Internet usage preferences through, among other things, the purchase of paid subscriptions, which involve the absence of their consent to the processing of their data and the exclusion of advertising, leading to a reduction in the amount of processed data about Internet users, as well as a reduction in the possibility of obtaining such data. Despite the fact that currently in the market space there is no trend of consumers favoring paid services (devoid of advertising or excluding the option for Internet users to share their data), the Company cannot exclude its reversal. In such a case, demand for the Group's services may decline and there may be a need for the Group to commit additional resources or incur additional expenses to adjust its operations, as well as to modify or expand the Group's offerings. As a consequence of a decline in demand for the Group's services, the Group's revenue growth may be impeded and its business model may need to be adjusted.

The risk in question has not materialized in the Company's operations to date, and therefore has had no impact on the Company's operations and financial performance.

Risks associated with consolidation of the online advertising market

For several years, the Company has been observing a gradual process of consolidation of players in the Internet advertising industry, which affects the quality of the offer of global players and reduces the level of fragmentation of the producer market. Combining the structures of multinationals may change the commercial policy of the Company's counterparties and increase competition in local markets due to the combination of partner channels. At the same time, consolidation processes lead to the strengthening of the market position of the largest players, which limits the possibility of development of small and medium-sized enterprises in the market.

The country's strongest companies are seeking to acquire weaker companies, especially SMEs serving niche segments of the online advertising market. This allows the largest players to expand their competencies or gain access to new audiences. Increased competition in the Internet advertising market may lead to a decline in the Company's profitability, among other factors, due to shrinking margins in the market. The above may adversely affect the financial results generated by the Company.

Although the process of consolidation of entities in the Internet advertising industry is occurring, it has not affected the Company's operations and its financial performance to date.

Risks associated with the closure of advertising systems

The most important component of the Company's costs is the purchase of advertising space. A significant portion of these costs of the Company comes from cooperation with key contractors (suppliers), among which should be indicated Google and Adform, among others. The Company provides its services through digital distribution platforms operated by the indicated contractors. A possible change in the counterparties' policies regarding verification and criteria for distributed services will require the Group to adjust existing or future products, which may be difficult to achieve in the short term and generate additional high costs. In addition, there is a risk that distribution may be curtailed following the counterparty's exercise of rights reserved to it in its contracts with the Group or under its internal regulations. There is also the risk of termination by the counterparty.

Although the process of shutting down advertising systems is occurring, it has not affected the Company's operations and its financial performance in the Company's operations to date.

13.2 Risk factors related to the market environment in which the Company operates

Risks associated with the volatility of the online advertising market

The Group's business is related to the promising and dynamic Internet advertising market.

This is a result, among other things, of the constant revision of existing solutions in the advertising industry and the increasing focus of recipients of advertising services on Internet advertising. Spending on Internet advertising is growing steadily, both in Poland and around the world. This is causing the industry to attract new players, while motivating existing market players to modify their operations in order to maintain a competitive edge. The advertising market is therefore in constant development and subject to high volatility. Such a situation involves the risk of unexpected changes in the business models of the Company's counterparties, which may have a significant impact on the way their customers use the products and services offered.

The risk in question has not materialized in the Company's operations to date, and therefore has had no impact on the Company's operations and financial performance.

Risks related to the stability of the economic and administrative environment

According to the Company, the Group is one of the largest players in the global data market in terms of the number of user profiles processed. Demand for the Group's products and services is closely related to the overall economic situation and the rate of economic growth of the countries in whose markets the Group operates. The company processes about 100 billion user profiles using desktop computers and mobile devices. The data comes from more than 200 countries and territories around the world, with the EU and U.S. markets being key to the business.

Unfavorable changes in the macroeconomic environment in the Company's key markets, primarily the EU and the U.S., in particular, a slowdown in economic growth, a reduction in capital expenditures, as well as higher taxes or rising interest rates, may adversely affect the level of investments and production volumes in the Company's product-consuming industries, and thus the Group's operations and financial results.

In addition, the Company also points to the risk of changes in the tax system. The Polish tax system is characterized by ambiguous provisions and a high frequency of changes.

Many times, there is no clear interpretation of them, which may cause a risk of different interpretation by the Company and the tax authorities. If such a situation arises, the tax authority may impose a financial penalty on the Company, which may have a significant negative impact on its financial results. In addition, the tax authorities have the ability to verify the correctness of tax declarations determining the amount of tax liability within a five-year period from the end of the year in which the tax payment deadline passed. In the event that the tax authorities adopt an interpretation of tax regulations that differs from the interpretation on which the Company calculates its tax liability, this situation could have a significant negative impact on the Company's financial position. Tax risks may arise from changes in tax rates that are significant from the Company's point of view, but the likelihood of spikes can be assessed as low.

The risk in question has not materialized in the Company's operations to date, so it has not affected the Company's operations or its financial performance.

Global business risk

The Group operates in many markets, focusing on markets with high growth potential. The Group is exposed to this risk due to the fact that it generates most of its revenue through foreign operations. Thus, frequent changes and the introduction of additional regulations in the countries where the business is conducted are a threat. This applies in particular to tax and data protection regulations. Any change in regulations could potentially cause a decrease in the Group's revenues, an increase in the cost of operations. On the other hand, the dynamics of the changes in question causes difficulties in keeping abreast of the legislative changes introduced and assessing the effects of future events or decisions. It is no less important for the Company's operations to keep abreast of the activities of regulatory authorities - especially those dealing with the subject of personal data protection - and the case law of the Court of Justice of the EU ("CJEU"), as well as other courts of member states. In this regard, attention should be paid to the case brought by the Belgian data protection authorities against the IAB, which is currently pending before the CJEU, and which will have an impact on the technical solution for consent collection currently used by the Company and the vast majority of market participants. Attention should also be paid to the potential risk of divergent interpretations of the same regulations by different authorities within the EU and by the Company and individual state authorities. In view of the above-described difficulties, in particular, the lack of a real possibility to keep abreast of the legal changes introduced in all the countries in which the Group operates.

It will be difficult for the Group to adapt to the legislative and tax changes that have been made, and as a result, the Group may decide to withdraw from a particular market until the new requirements are complied with, which will affect its financial performance.

The risk in question has not materialized in the Company's operations to date, so it has not affected the Company's operations or its financial performance.

13.3 Financial risks associated with the Company's operations

The Group's identified financial risks and its management objectives and policies are described in the Cloud Technologies Group's Consolidated Financial Statements for 2023 in Note 29.

The financial risks identified by the Company, as well as the objectives and principles of their management, are described in the Separate Financial Statements of Cloud Technologies S.A. for 2023 in Note 27.

14. Other information

14.1 Employment information

The Cloud Technologies Group has a stable workforce and relies on highly skilled professionals to enable the Group to grow and further globalize its operations in the international data market. The Group maintains its headcount at a similar level, while steadily increasing revenues, made possible by its own efficient technology and scalable international operations.

Cloud Technologies S.A.'s employment structure distinguishes between the teams responsible for technology development, sales, financial, formal, legal and communication services of the group, as well as management.

The company is focused on scaling the business while maintaining a stable and steady workforce.

Number of people employed (as of 30.06.2024)

Cloud Technologies Group	52
Company	29

14.2 Corporate Governance Statement

The Company applies the recommendations and principles of corporate governance contained in the document Good Practices of Companies Listed on the WSE 2021. Its content is available on the website at: https://www.gpw.pl/dobre-praktyki2021

Policies in effect from which the Company has deviated, along with an explanation of the reasons for the deviation:

(a) 1.3.1. environmental issues, including metrics and risks related to climate change and sustainability issues.

The Company has not developed and is not pursuing a strategy on environmental issues. Nevertheless, the Company applies principles related to climate change and sustainability issues in its policies.

(b) 1.3.2. social and labor issues, concerning, among other things, measures taken and planned to ensure gender equality, sound working conditions, respect for employees' rights, dialogue with local communities, customer relations.

The Company has not developed and is not pursuing a strategy on social and labor issues. Nevertheless, the Company applies the principles of equal treatment and non-discrimination in its policies.

(c) 1.4.1. explain how climate change issues are taken into account in the decision-making processes of the company and its group entities, indicating the resulting risks;

The Company has not developed and is not pursuing a strategy on environmental issues. Nevertheless, the Company applies principles related to climate change and sustainability issues in its policies.

(d) 1.4.2. present the value of the index of equal pay paid to its employees, calculated as the percentage difference between the average monthly salary (including bonuses, prizes and other allowances) of women and men for the last year, and present information on the measures taken to eliminate any inequality in this regard, together with a presentation of the risks associated with this and the time horizon in which it is planned to bring about equality.

The Company has not developed and is not pursuing a strategy on social and labor issues. Nevertheless, the Company applies the principles of equal treatment and non-discrimination in its policies.

(e) 2.1 The company shall have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy shall specify the objectives and criteria for diversity in such areas as gender, field of education, specialized knowledge, age, and work experience, among others, and indicate when and how the achievement of these objectives will be monitored. In terms of gender diversity, the condition for ensuring the diversity of the company's bodies is that minority participation in a given body be no less than 30%.

The Company has not developed and does not implement a diversity policy with respect to the Company's authorities. When selecting candidates for Management Board and Supervisory Board members, the Company takes into account the candidates' respective qualifications, experience, competence and skills. Decisions regarding appointments to the Management Board or Supervisory Board are not dictated by gender. In addition, members of the Company's management and supervisory bodies are selected to ensure diversity in educational direction and experience, in order to ensure that the Company can benefit from their knowledge and experience in all areas of its business. Nevertheless, the Company applies the principles of equal treatment and non-discrimination in its personnel policies.

(f) 2.2 Those who make decisions on the election of members of the company's management or supervisory boards shall ensure the comprehensiveness of these bodies by electing to their composition persons who ensure diversity, enabling, among other things, the achievement of the target ratio of minimum minority participation set at no less than 30%, in accordance with the objectives set forth in the adopted diversity policy referred to in principle 2.1.

The Company has not developed and does not implement a diversity policy with respect to the Company's authorities. Nevertheless, the Company applies the principles of equal treatment and non-discrimination in its personnel policies.

(g) 3.2 The company shall separate in its structure the units responsible for the tasks of individual systems or functions, unless this is not justified by the size of the company or the nature of its activities.

Due to the nature and size of the Company's business, it is not reasonable to separate separate organizational units. The Company has implemented internal systems adequate to the size of the Company and its operations.

(h) 4.1 The company shall allow shareholders to participate in a general meeting by means of electronic communication (e-general meeting), if this is justified in view of the expectations of shareholders reported to the company, provided that the company is able to provide the technical infrastructure necessary for holding such a general meeting.

The Company does not provide for participation in general meetings by means of electronic communication. In the Company's opinion, the implementation of stationary general meetings ensures the protection of the rights of shareholders and investors, and the proper performance of information obligations related to general meetings provides shareholders with full access to information on general meetings. The abandonment of the principle indicated above is related to the avoidance of incurring additional costs.

(i) 4.3 The Company shall provide publicly available real-time transmission of the general meeting.

The Company does not provide a publicly available real-time broadcast of general meetings. In the Company's opinion, the proper performance of information obligations related to general meetings provides shareholders with full access to information on general meetings. The abandonment of the principle indicated above is related to the avoidance of incurring additional costs.

14.3 Management

The Parent Company's Management Board (hereinafter the "Management Board") shall consist of at least one Member, and the term of office of the Management Board shall be joint and shall last 4 (four) years, with the number of Members of the Management Board of a given term to be determined each time by the Supervisory Board. The President of the Management Board is appointed by the Supervisory Board, and the Members of the Management Board are appointed and dismissed by the Supervisory Board at the request of the President of the Management Board.

The terms of office of the Management Board Members shall expire no later than on the date of the General Meeting of Shareholders approving the financial statements for the last full financial year of the Management Board Members' functions.

The Management Board conducts the Company's affairs and represents the Company in all judicial and extrajudicial actions. All matters related to the management of the Company's affairs, not reserved by law or the Articles of Association for other bodies of the Company, are within the competence of the Management Board.

In the case of a one-person Management Board, the Company is represented by the President of the Management Board, while in the case of a multi-person Management Board, the following are authorized to make declarations of intent on behalf of the Company and to represent the Company: (a) the President of the Management Board alone; (b) two Members of the Management Board acting jointly; (c) one Member of the Management Board acting jointly with a proxy.

Resolutions of the Board of Directors are adopted by an absolute majority of votes cast, and in the event of an equality of votes, the vote of the Chairman of the Board of Directors is decisive.

Pursuant to the Articles of Association, when entering into agreements between the Company and the Members of the Management Board, the Company is represented by the Supervisory Board. The Supervisory Board may authorize by resolution one or more members to perform such legal acts.

The detailed procedure of the Management Board is set forth in the Regulations of the Management Board adopted by the Supervisory Board on June 10, 2022.

As of the date of publication of this report, the Board of Directors consists of:

- Piotr Prajsnar - Chairman of the Board, CEO. Founder and major shareholder of Cloud Technologies.
- Piotr Soleniec - Board member, CFO. Associated with Cloud Technologies since 2017.

The term of office of the Board of Directors covering four full fiscal years is joint and expires on December 31, 2024, but the Board of Directors' mandate will expire on the date of the General Meeting approving the financial statements for 2024. The composition of the Board of Directors did not change during the first half of 2024.

14.4 Supervisory Board

The Supervisory Board exercises constant supervision over the parent company's activities in all areas of its operations.

The Board consists of at least 5 (five) members, appointed and dismissed by the General Meeting, with the General Meeting determining the number of Supervisory Board members each time. The term of office of the Supervisory Board is joint and lasts 4 (four) years. The Supervisory Board elects from among its members a Chairman of the Supervisory Board, who will chair the meetings of the Supervisory Board and direct its work.

According to the Articles of Association, the competence of the Supervisory Board, in addition to the matters indicated in the CCC, includes, in particular, the following matters:

- Evaluation of the Management Board's proposals for distribution of profit or coverage of loss;
- Evaluation of the Management Board's report on the Company's activities and financial statements for the past fiscal year, in terms of their compliance with the books and documents, as well as with the facts;
- submitting an annual written report to the General Assembly on the evaluations referred to above;
- Appointment and dismissal of Board Members;
- Determining the principles of remuneration of Board Members;
- Suspending, for valid reasons, individual or all Members of the Management Board;
- Delegating members of the Supervisory Board to temporarily perform the activities of Board Members unable to perform their duties;
- Selection of an audit firm to audit the Company's annual financial statements;
- Approval of the Company's disposal of its shares;
- Approval of the Company's establishment of new companies or acquisition of shares of other business entities by the Company;
- other matters entrusted to the competence of the Supervisory Board and mandatory provisions of law or resolutions of the General Meeting.

The Supervisory Board operates on the basis of applicable laws and the Articles of Association, which define its powers, and on the basis of the Supervisory Board's bylaws adopted by the Annual General Meeting on June 20, 2022, which define the detailed procedure of the Supervisory Board.

Meetings of the Supervisory Board are held as needed, but at least 3 (three) times a year. In 2023, the Supervisory Board held four meetings. In 2024, until the date of publication of this report, the Supervisory Board held three meetings.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes. In case of an equal number of votes, the vote of the Chairman of the Supervisory Board shall be decisive.

As of the date of publication of this report, the Supervisory Board consists of:

(a) Szymon Okon - Chairman of the Supervisory Board;
(b) Łukasz Krasnopolski - Member of the Supervisory Board;
(c) Kamil Bargiel - Member of the Supervisory Board;
(d) Bartosz Gonczarek - Member of the Supervisory Board;
(e) Marcin Brendota - Member of the Supervisory Board.

During the period covered by the report, the composition of the Supervisory Board did not change.

There are no other Committees within the Supervisory Board other than the Audit Committee.

14.5 Audit Committee

An Audit Committee consisting of 3 members was established in the Parent Company based on Resolution No. 2 of the Supervisory Board dated November 21, 2022 on the establishment of an Audit Committee in the Company.

During 2023, the Audit Committee held two meetings. During 2024, up to and including the date of publication of this report, the Audit Committee held one meeting.

The Audit Committee consists of 3 members. As of the date of publication of this report, the members of the Audit Committee are:

- Marcin Brendota - Chairman of the Audit Committee;
- Kamil Bargiel - Member of the Audit Committee;
- Łukasz Krasnopolski - Member of the Audit Committee.

According to the submitted statements, the members of the Audit Committee who meet the independence criteria indicated in Article 129(3) of the Act on Statutory Auditors and Good Practices of Companies Listed on the WSE are Marcin Brendota, Kamil Bargiel and Łukasz Krasnopolski.

According to the submitted statement, the member of the Audit Committee who meets the requirements for knowledge and skills in accounting or auditing as indicated in Article 129, paragraph 1 of the Act on Statutory Auditors is Marcin Brendota.

According to the declarations submitted, the members of the Audit Committee who meet the criteria indicated in Article 129 (5) of the Act on Statutory Auditors in terms of knowledge and skills regarding the Company's industry are Kamil Bargiel and Łukasz Krasnopolski.

The competencies of the Audit Committee primarily include the activities listed in Article 130 of the Act on Auditors and other activities indicated in the adopted regulations of the Audit Committee, including in particular: (a) cooperation with the auditing firm and monitoring of auditing activities, (b) monitoring the effectiveness of internal control systems, risk management, (c) monitoring the financial reporting process.

In accordance with the Audit Committee's policy and procedure for the selection of the audit firm, the Supervisory Board follows the following guidelines for the audit firm when making its selection, and the Audit Committee follows the following guidelines for the audit firm when preparing its recommendation:

1) impartiality, independence and the highest quality of audit work performed;

2) knowledge of the industry and the specifics of the Group companies, with particular emphasis on legal and tax aspects;

3) previous experience of the audit firm in auditing financial statements of companies listed on the regulated market of the Warsaw Stock Exchange;

4) The professional qualifications and experience of those directly involved in providing services;

5) The ability to ensure the provision of the required range of services, within the timeframes specified by the Company, including, in addition, any permitted non-audit services;

6) the level of the offered price for the services provided, while the audit firm's remuneration may not depend on any conditions, including in particular the outcome of the audit.

The Audit Committee also adopted a policy on the provision of additional services by the audit firm, an affiliate of the audit firm, or by a member of the audit firm's network of permitted non-audit services. Neither the auditor or audit firm auditing the Company's and the Group's financial statements, nor any member of the network to which the auditor or audit firm belongs, may provide directly or indirectly to the Company and the Group, any prohibited non-audit services referred to in Article 136, paragraph 2 of the Auditors' Law, during the following periods:

(a) during the period from the beginning of the period under review until the issuance of the audit report, and

(b) in the fiscal year immediately preceding the period referred to in paragraph (a) for the services listed in Article 5 item. 1 in the second paragraph of letter g) of the Regulation.

14.6 Principles of remuneration of the Management Board and the Supervisory Board

The remuneration of the Management Board is determined with the approval of the Supervisory Board.

The remuneration of the Supervisory Board is determined by the General Meeting in the form of a resolution.

The Company has no pension or similar benefit obligations to its management or supervisory bodies.

Agreements between the Company and management or supervisory personnel do not provide for compensation in the event of their resignation, dismissal or removal.

At the General Meeting of June 12, 2023, a resolution was passed with regard to the adoption and introduction of a formalized remuneration policy that includes, in particular, rules for the payment of remuneration to members of the Management Board and members of the Supervisory Board.

14.7 General Meeting

Pursuant to Article 399 § 1 of the Companies Act, a general meeting is convened by the board of directors, with an annual general meeting to be held within 6 (six) months after the end of each fiscal year. However, the board of directors is authorized to convene an ordinary general meeting if the board of directors fails to do so in a timely manner, and an extraordinary general meeting if it deems it advisable. In addition, it is mandatory for the board of directors to convene a general meeting if the balance sheet prepared by the board of directors shows a loss in excess of the sum of supplementary and reserve capitals and one-third (one-third) of the share capital. In such a case, the general meeting shall pass a resolution on the continued existence of the company.

The powers of the General Meeting derive from both the law, in particular the CCC, and the Articles of Association.

According to the CCC and the Articles of Association, the powers of the General Meeting include, in particular:

- Appointment and dismissal of members of the Supervisory Board;
- Determining the rules of remuneration of members of the Supervisory Board;
- granting discharge to members of the Company's bodies for the performance of their duties;
- Consideration and approval of the Board of Directors' report on the Company's activities;
- Consideration and approval of the financial statements for the fiscal year;
- Adoption of a resolution on profit distribution or coverage of loss;
- increase or reduction of the Company's share capital;
- merger or transformation of the Company;
- dissolution or liquidation of the Company;
- Statute amendment;

- creation of special purpose funds
- to make a decision on claims for compensation for damage caused in the formation of the Company or in the exercise of management or supervision.

Resolutions of the General Meeting shall be adopted by a 2/3 (two-thirds) majority of votes, unless the Articles of Association or mandatory provisions of law provide for stricter requirements for the adoption of a particular resolution.

The procedure for amending the Articles of Association at Cloud Technologies S.A.:

Neither the Company's Articles of Association nor the Rules of Procedure for the General Meeting of Cloud Technologies Joint Stock Company, based in Warsaw, introduce autonomous rules for the implementation of amendments to the Company's Articles of Association. Therefore, the amendments will be implemented in accordance with the provisions of the Commercial Companies Code, i.e. with a 3/4 majority vote.

The General Meeting may also adopt a resolution to significantly change the Company's business. In this case, a majority of 2/3 (two-thirds) of votes is required.

Resolutions on the issuance of convertible or priority bonds and subscription warrants indicated in Article 453 § 2 of the Code of Commercial Companies and on amendments to the Articles of Association, including resolutions on increasing and decreasing the share capital, shall be adopted by a majority of 3/4 (three-quarters) of votes.

The consent of all shareholders affected by a resolution is required to adopt a resolution regarding an amendment to the Articles of Association that increases the benefits of shareholders or depletes the rights granted personally to individual shareholders.

Persons who are shareholders of the company 16 (sixteen) days prior to the date of the general meeting, i.e. the date of registration of participation, have the right to participate in the general meeting of a public company (Article 406^1 § 1 of the CCC).

Each share entitles the holder to one vote at the general meeting (Article 411 § 1 of the CCC). The right to vote is vested from the date the shares are fully paid up (Article 411 § 2 of the CCC). A shareholder may vote differently on each share held (Article 411^3 CCC). A shareholder may exercise voting rights in person or by proxy (Article 412 § 1 of the CCC).

The detailed rules and procedures for convening and holding the General Meeting are regulated in the Rules of Procedure for the General Meeting adopted on June 20, 2022, pursuant to Resolution No. 14 of the Annual General Meeting on the adoption of the Rules of Procedure for the General Meeting.

14.8 Preparation of financial reports

The Company's separate financial statements and the Group's consolidated financial statements have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations issued by the International Reporting Standards Board (IAS Board) and promulgated in the form of regulations of the European Commission, and the detailed principles for the preparation of these reports, including a description of accounting policies, are included directly in these reports.

Both the external accounting firm and the relevant organizational units on the Company's side responsible for the reporting and compliance areas are involved in the preparation of the financial statements. The data provided by the external accounting firm is verified and analyzed by the Company.

Supervision of the process of preparing financial statements is exercised by the member of the Board of Directors for Finance. Annual reports and, starting in 2023, the semi-annual report are subject to mandatory audit and review by an independent auditor.

The Company has developed and implemented a number of internal control procedures aimed at streamlining the process of preparing financial statements, ensuring efficient cooperation with the auditor, as well as identifying and assessing risks for the Company's various business areas.

14.9 Information on the audit firm

The review of the Company's separate condensed interim financial statements and the Group's consolidated condensed interim financial statements for the first half of 2024 was carried out by ECOVIS Poland Sp. z o.o., selected by a resolution of the Supervisory Board dated May 15, 2023.

The auditing firm did not perform any other services for the Company or the Group during the reporting period.

14.10 Geographic structure of sales

Information on the geographic structure of sales, broken down into domestic sales and exports, along with an indication of significant customers is provided in Note 1 to the separate and consolidated financial statements. There are no suppliers whose share of operating expenses exceeds the 10% level.

14.11 Shareholders and shares of the Company

As of the date of publication of this report, there are the following significant shareholders of the Company:

Shareholder	number of shares	Nominal value (in PLN)	Share in capital
Piotr Prajsnar	1.437.000	143.700	28,74%
PERPETUM 10 FIZAN	1.414.666	141.467	28,29%
Octavian Oźminkowski	258.837	25.884	5,18%
Cloud Technologies S.A.'s own shares.	505.359	50.536	10,11%
Shareholders up to 5% of shares	1.384.138	138.414	27,68%
Total	5.000.000	500.000	100,00%

There have been no changes in the shares held by significant shareholders since the publication date of the previous interim report.

The number of shares is equal to the number of votes at the Company's General Meeting; there are no preferred shares, the nominal value of one share is PLN 0.1.

As of the date of publication of this report, the following shares of the Company are held by Members of the Management Board or Members of the Supervisory Board:

(a) President of the Management Board Piotr Prajsnar holds directly and indirectly, together with his wife, a total of 1,517,000 shares with a nominal value of PLN 151,700 (30.34% of shares).
(b) Board member Piotr Soleniec holds directly and indirectly, together with his wife, 38,907 shares with a nominal value of PLN 3,891 (0.78% of shares).
(c) Supervisory Board member Lukasz Krasnopolski holds 3,091 shares with a nominal value of PLN 309 (0.06% of shares).

Members of the Company's Management and Supervisory Boards do not hold shares in subsidiaries.

14.12 Factors and events, including those of an unusual nature, having a significant impact on the condensed financial statements

In the Company's opinion, there were no factors or events of an unusual nature during the reporting period that had a significant impact on the condensed financial statements.

14.13 Factors that, in the Issuer's opinion, will affect its results in the perspective of at least the next six months.

Macroeconomic environment

According to the Company, the Group is one of the largest players in the global data market in terms of the number of user profiles processed. Demand for the Group's products and services is closely related to the general economic situation and the rate of economic growth of the countries in whose markets the Group operates.

Unfavorable changes in the macroeconomic environment in the Company's key markets, primarily the EU and the U.S., in particular, a slowdown in economic growth, a reduction in capital expenditures, as well as higher taxes or rising interest rates, may adversely affect the level of investments and production volumes in the Company's product-consuming industries, and thus the Group's operations and financial results.

In addition, the Company also points to the risk of changes in the tax system. The Polish tax system is characterized by ambiguous provisions and a high frequency of changes.

Seasonality of the online advertising market

In the Company's opinion, the achieved results may also be affected by seasonality, which is characteristic of the entire Internet advertising market. A relatively lower level of revenues may be recorded in January-March (Q1), a higher level of sales may be seen in April-June (Q2), again a lower level of orders may occur in July-August, while a higher number of orders may be recorded in September (Q3). The highest level is usually seen in October-December (Q4).

Level of data monetization

Data monetization is a strategic area of the company and accounts for 99% of revenue, so demand for data affects the Company's financial performance. In the period up to the date of publication of this report, the Company has recorded only double-digit increases in the monthly growth rate of data monetization.

Impact of currency differences

The Company believes that exchange rate differences are a factor that may affect its financial results. The Group incurs manufacturing costs mainly in PLN (and to a lesser extent in USD), while the vast majority of revenues are realized in foreign currencies, including mainly USD (to a lesser extent EUR and GBP). If the USD, EUR or GBP weakens against the PLN, the Group may report significant foreign exchange losses.

Potential impact of key risk factors

The Company's performance may also be affected by the factors described in detail in Chapter Thirteen of this report, i.e. Analysis of Key Risk Factors. Among the risks the Company lists are risks related to the failure of IT systems, competitive risks, risks related to privacy regulations, and others more broadly described in the aforementioned chapter.

14.14 Other information

In H1 2024 and as of the date of publication of this Report, no proceedings were pending against the Group before any court, arbitration authority or public administration body.

The Group does not meet the criteria set forth in Article 49b (1) of the Accounting Act, and therefore is not obligated to prepare a statement or report The entity preparing the statement or report on non-financial information.

The Group does not enter into agreements with related parties on other than arm's length terms.

To the best of the Company's knowledge, there are no agreements between significant shareholders or agreements as a result of which there could be changes in the proportions of shares held by shareholders in the future.

In the Company's opinion, during the reporting period no credit or loan sureties or guarantees were granted by the issuer or its subsidiary - in total to one entity or its subsidiary with a significant value of existing sureties or guarantees.

The Group did not provide sureties and guarantees.

There was no issuance of securities during the period covered by the report.

The Group does not publish financial forecasts.

The Group does not have a system in place to control employee stock programs.

There are no holders of securities of the Parent Company with special control rights.

As of the date of this report, there are no restrictions on the exercise of voting rights on the Company's shares.

Restrictions on the transfer of ownership of securities do not exist.

The Group has no bonds issued.

Information that the issuer believes is important for assessing its human resources, assets, financial position, financial results and their changes, as well as information that is important for assessing the issuer's ability to meet its obligations, is included in the items: Summary of Significant Accomplishments in H1 2023 and up to the date of publication, Analysis of Key Risk Factors, Discussion of Financial Results Achieved in H1 2024, and Other Information.

There are no significant off-balance sheet items.

The parent company in January 2024 closed its branch in Bialystok, 17E Branickiego Street, 15-085 Bialystok.

There were no significant changes in the Group's organization, management principles of the Company or the Group during Q1-Q2 2024.

14.13 Registration data

Registration address	Cloud Technologies S.A. 7 Żeromskiego Street 05-075 Warsaw
Registration files	District Court for the Capital City of Warsaw in Warsaw XIV Economic Department of the National Court Register 100 Czerniakowska St. 00-454 Warsaw
Share capital	500,000.00 PLN
KRS	0000405842
NIP	9522106251
REGON	142886479

14.14 Contact information

Mailing address	Cloud Technologies S.A. Powiśle power plant, building C Dobra Street 40, 00-344 Warsaw
Website	www.ct.pl
E-mail	biuro@ct.pl
Phone	+48 225353050
FAX	+48 225353070

15. Statement of the Board of Directors of Cloud Technologies S.A.

In accordance with the requirements of the Decree of the Council of Ministers of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent the information required by the laws of a non-member state, the Board of Directors of Cloud Technologies S.A. declares that:

- to the best of its knowledge, the interim condensed consolidated financial statements and comparative data have been prepared in accordance with the applicable accounting principles and reflect in a true, fair and clear manner the property and financial position of the Cloud Technologies S.A. Group and its financial result,

- to the best of its knowledge, the interim condensed separate financial statements and comparative data have been prepared in accordance with the applicable accounting principles and reflect in a true, fair and clear manner the property and financial position of Cloud Technologies S.A. and its financial result,

- The interim consolidated management report contains a true picture of the development and achievements and situation of the Cloud Technologies Group, including a description of risks and threats.

16. Approval for publication

The management report on the activities of Cloud Technologies S.A. and the Cloud Technologies Group for the first half of 2024 was approved for publication by the Board of Directors of Cloud Technologies S.A. on September 16, 2024.

Piotr Prajsnar, President of the Management Board	Piotr Soleniec, Member of the Management Board

Warsaw, September 16, 2024

CloudTechnologies

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